

Nine Months 2013 Results:

Group sales stable on a currency-neutral basis
Gross margin grows 2.1 percentage points to 49.8%
Operating margin improves 0.4pp to 10.5%

- **Strong momentum in Latin America and Greater China offsets declines in Western Europe and North America**
- **Reebok continues to grow with revenues increasing 5% in Q3**
- **Net borrowings decline 47% to € 180 million**
- **Management confirms full year guidance**

adidas Group currency-neutral sales remain stable in the third quarter of 2013

During the third quarter of 2013, adidas Group sales were stable on a currency-neutral basis. From a regional perspective, currency-neutral revenues in Western Europe decreased 6%. This was mainly due to high prior year comparisons related to the sell-in of event-related products for the London 2012 Olympic Games as well as the ongoing macroeconomic challenges in the region. In European Emerging Markets, currency-neutral sales increased 2% with growth in most of the region's markets. Group sales in North America were down 5% on a currency-neutral basis. This development was mainly due to sales declines at TaylorMade-adidas Golf owing to a more challenging golf market as a consequence of the late seasonal start and lower rounds played. In Greater China, Group sales were up 9% on a currency-neutral basis, due to continued momentum across all channels. Currency-neutral revenues in Other Asian Markets increased 4%, driven by sales increases in most of the region's major markets. In Latin America, currency-neutral sales grew 12%, with strong growth in all key markets.

From a brand perspective, third quarter sales at adidas remained stable on a currency-neutral basis. Currency-neutral sales at Reebok grew 5%. Revenues in the TaylorMade-adidas Golf segment declined 16% on a currency-neutral basis. Reebok-CCM Hockey sales grew 4% currency-neutral, while revenues at Rockport decreased 4% on a currency-neutral basis. Currency translation effects had a negative impact on sales in euro terms. Group revenues declined 7% to € 3.879 billion in the third quarter of 2013 from € 4.173 billion in 2012.

Third quarter gross margin increases 1.9 percentage points

The Group's gross margin increased 1.9 percentage points to 49.3% (2012: 47.4%) in the third quarter. A more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales more than

offset the negative effect of a less favourable hedging rate. Group gross profit declined 3% to € 1.913 billion (2012: € 1.978 billion). Other operating expenses as a percentage of sales increased 2.6 percentage points to 39.6% compared to 37.0% in the prior year, mainly related to the further expansion of the Group's own-retail network. The Group's operating margin increased to 11.9% from 11.8% in 2012, as a result of the gross margin increase. Operating profit declined 6% to € 463 million compared to € 494 million in 2012. The Group's net income attributable to shareholders declined 8% to € 316 million (2012: € 344 million). Basic and diluted earnings per share for the third quarter decreased 8% to € 1.51 (2012: € 1.64).

"Our third quarter performance was negatively impacted by severe currency headwinds, unexpected short-term distribution constraints in Russia/CIS as well as our actions to rebalance our inventories in the global golf market," commented Herbert Hainer, adidas Group CEO. "Despite these challenges, we delivered stable earnings per share in the first nine months. Our industry-leading innovations and strong partnership activations clearly enhance our position as the premium multi-sports company in the industry, which in turn is driving new record gross margins for the Group."

adidas Group currency-neutral sales remain stable in the first nine months of 2013

In the first nine months of 2013, Group revenues remained stable on a currency-neutral basis due to growth in Retail, offsetting sales declines in Wholesale and Other Businesses. Currency translation effects had a negative impact on sales in euro terms. Group revenues decreased 4% to € 11.013 billion in the first nine months of 2013 from € 11.514 billion in 2012.

Nine months Group sales supported by growth in Retail

In the first nine months of 2013, currency-neutral **Wholesale** revenues decreased 2%, due to sales declines at both adidas and Reebok. Currency-neutral **Retail** sales increased 6% versus the prior year as a result of sales growth at both adidas and Reebok. Revenues in **Other Businesses** decreased 1% on a currency-neutral basis, mainly due to a sales decline at TaylorMade-adidas Golf. Currency translation effects had a negative impact on segmental sales in euro terms.

	Nine months 2013	Nine months 2012	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Wholesale	7,048	7,470	(6)	(2)
Retail	2,512	2,491	1	6
Other Businesses	1,453	1,553	(6)	(1)
Total¹⁾	11,013	11,514	(4)	0

Nine months net sales development by segment

1) Rounding differences may arise in totals.

Currency-neutral Group sales increase in most regions

In the first nine months of 2013, currency-neutral adidas Group sales grew in all regions except Western Europe and North America. Revenues in **Western Europe** decreased 8% on a currency-neutral basis, mainly due to sales declines in the UK, Italy and Spain. In **European Emerging Markets**, Group sales increased 1% on a currency-neutral basis as a result of sales growth in most markets. Sales for the adidas Group in **North America** were down 1% on a currency-neutral basis as a result of declines in the USA. Sales in **Greater China** increased 7% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 2%, driven by sales increases in India, South Korea and Australia. In **Latin America**, sales grew 15% on a currency-neutral basis, with double-digit increases in most of the region's major markets. Currency translation effects had a negative impact on regional sales in euro terms.

	Nine months 2013	Nine months 2012	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Western Europe	3,053	3,342	(9)	(8)
European Emerging Markets	1,432	1,486	(4)	1
North America	2,534	2,641	(4)	(1)
Greater China	1,244	1,169	6	7
Other Asian Markets	1,566	1,741	(10)	2
Latin America	1,184	1,135	4	15
Total¹⁾	11,013	11,514	(4)	0

Nine months sales development by region

1) Rounding differences may arise in totals.

Group gross margin increases 2.1 percentage points

The gross margin of the adidas Group increased 2.1 percentage points to 49.8% in the first nine months of 2013 (2012: 47.8%). This development was due to a more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales, which more than offset the negative effect from a less favourable hedging rate. Gross profit for the adidas Group remained stable at € 5.488 billion in the first nine months of 2013 (2012: € 5.500 billion).

Operating margin improves 0.4 percentage points

Group operating profit remained stable at € 1.157 billion in the first nine months of 2013 (2012: € 1.159 billion). As a result, the operating margin of the adidas Group improved 0.4 percentage points to 10.5% (2012: 10.1%). This was primarily due to the positive effects from the increase in gross margin, which more than offset higher other operating expenses as a percentage of sales. Other operating expenses as a percentage of sales rose 1.9 percentage points to 41.0% in the first nine months of 2013 from 39.1% in 2012. In euro terms, other operating expenses remained stable at € 4.515 billion (2012: € 4.500 billion), as the decrease in marketing expenses was offset by higher expenditure related to the expansion of the Group's own-retail activities.

Thereof, sales and marketing working budget expenditures amounted to € 1.336 billion, which represents a decrease of 1% versus the prior year level (2012: € 1.346 billion).

Financial income down 49%

Financial income decreased 49% to € 15 million in the first nine months of 2013 from € 29 million in the prior year, mainly due to a decrease in interest income.

Financial expenses decrease 21%

Financial expenses declined 21% to € 67 million in the first nine months of 2013 (2012: € 84 million). The decrease in interest expenses was the main contributor to the decline.

Income before taxes as a percentage of sales increases 0.5 percentage points

Income before taxes (IBT) for the adidas Group remained stable at € 1.105 billion (2012: € 1.104 billion). IBT as a percentage of sales improved 0.5 percentage points to 10.0% in the first nine months of 2013 from 9.6% in 2012. This was a result of the Group's operating margin increase and lower net financial expenses.

Net income attributable to shareholders remains virtually unchanged

The Group's net income attributable to shareholders remained virtually unchanged at € 796 million in the first nine months of 2013 (2012: € 798 million). The Group's tax rate decreased 0.1 percentage points to 27.7% in the first nine months of 2013 (2012: 27.8%).

Basic and diluted earnings per share stable at € 3.81

In the first nine months of 2013, basic and diluted earnings per share remained stable at € 3.81 (2012: € 3.82). The weighted average number of shares used in the calculation of both basic and diluted earnings per share was 209,216,186 (2012 average: 209,216,186) as there were no potential dilutive shares in the first nine months.

Group inventories increase 6%

Group inventories increased 6% to € 2.513 billion at the end of September 2013 versus € 2.367 billion in 2012. On a currency-neutral basis, inventories were up 12%, as a result of the Group's expectations for growth in the coming quarters and distribution centre issues in Russia/CIS during the third quarter.

Accounts receivable increase 2% currency-neutral

At the end of September 2013, Group receivables decreased 4% to € 2.156 billion (2012: € 2.257 billion). On a currency-neutral basis, receivables were up 2%.

Net borrowings decrease € 157 million

Net borrowings at September 30, 2013 amounted to € 180 million, which represents a decrease of € 157 million, or 47%, versus € 337 million at the end of September 2012. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation effects had a positive impact of € 3 million.

adidas Group confirms guidance for full year 2013

Following its announcement in September, Management confirms that top-line momentum is set to clearly improve in the fourth quarter. As a result, 2013 Group sales are expected to grow at a low-single-digit rate on a currency-neutral basis.

In 2013, the adidas Group gross margin is forecasted to increase to a level between 48.5% and 49.0%, representing a strong improvement compared to the prior year level of 47.7%. The Group's gross margin will benefit from positive regional and channel mix effects, as growth rates in high-margin emerging markets and Retail are projected to be above growth rates in more mature markets and Wholesale. In addition, improvements in the Retail segment as well as at the Reebok brand will positively influence Group gross margin development. However, these positive effects will be partly offset by less favourable hedging rates compared to the prior year as well as increasing labour costs, which negatively impact the Group's cost of sales.

In 2013, the Group's other operating expenses as a percentage of sales are expected to increase compared to the prior year level of 41.3%. Sales and marketing working budget expenses as a percentage of sales are projected to be above the prior year level. The non-recurrence of expenses in relation to the UEFA EURO 2012™ as well as the London 2012 Olympic Games will be more than offset by marketing expenditure to support new product launches at all brands, as well as the expansion of Reebok's activities in the fitness category. Operating overhead expenditure as a percentage of sales is forecasted to grow in 2013. Higher administrative and personnel expenses in the Retail segment due to the continued expansion of the Group's store base will more than offset the leverage in the Group's non-allocated central costs.

In 2013, the Group expects the operating margin for the adidas Group to increase to a level of around 8.5% (2012 excluding goodwill impairment losses: 8.0%). As a result, earnings per share are expected to increase at a rate of 4% to 7% to a level between € 3.92 and € 4.06 compared to the 2012 basic and diluted earnings per share of € 3.78 excluding goodwill impairment losses. This represents net income attributable to shareholders of € 820 million to € 850 million.

Herbert Hainer stated: "We have dealt swiftly and decisively with our challenges in the third quarter, to ensure we return to growth. With strong

demand for our highlight concepts and innovations, upcoming initiatives around the 2014 FIFA World Cup™ and positive customer feedback to our spring/summer 2014 collections from all of our brands, momentum will clearly return to our business in the fourth quarter and beyond.”

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adidas AG Consolidated Income Statement (IFRS)

€ in millions	Third quarter 2013	Third quarter 2012	Change
Net sales	3,879	4,173	(7.0) %
Cost of sales	1,966	2,195	(10.4) %
Gross profit	1,913	1,978	(3.3) %
<i>(% of net sales)</i>	49.3%	47.4%	1.9 pp
Royalty and commission income	27	27	(0.7) %
Other operating income	59	33	80.2 %
Other operating expenses	1,536	1,544	(0.5) %
<i>(% of net sales)</i>	39.6%	37.0%	2.6 pp
Operating profit	463	494	(6.1) %
<i>(% of net sales)</i>	11.9%	11.8%	0.1 pp
Financial income	5	12	(56.1) %
Financial expenses	26	27	(1.1) %
Income before taxes	442	479	(7.7) %
<i>(% of net sales)</i>	11.4%	11.5%	(0.1) pp
Income taxes	124	136	(8.8) %
<i>(% of income before taxes)</i>	28.0%	28.3%	(0.3) pp
Net income	318	343	(7.3) %
<i>(% of net sales)</i>	8.2%	8.2%	(0.0) pp
Net income attributable to shareholders	316	344	(8.0) %
<i>(% of net sales)</i>	8.2%	8.2%	(0.1) pp
Net income attributable to non-controlling interests	2	(1)	400.9 %
Basic earnings per share (in €)	1.51	1.64	(8.0) %
Diluted earnings per share (in €)	1.51	1.64	(8.0) %

Net Sales

€ in millions	Third quarter 2013	Third quarter 2012	Change	Change (currency-neutral)
Wholesale	2,553	2,743	(7.0) %	(0.8) %
Retail	923	944	(2.2) %	5.6 %
Other Businesses	403	486	(16.9) %	(8.6) %
Western Europe	1,145	1,244	(8.0) %	(6.5) %
European Emerging Markets	531	569	(6.6) %	1.7 %
North America	819	913	(10.4) %	(4.7) %
Greater China	464	437	6.2 %	8.6 %
Other Asian Markets	502	579	(13.3) %	4.1 %
Latin America	418	431	(2.7) %	12.3 %
adidas	3,072	3,271	(6.1) %	0.3 %
Reebok	439	453	(2.9) %	4.7 %
TaylorMade-adidas Golf	210	283	(25.8) %	(15.6) %
Rockport	71	79	(10.0) %	(3.6) %
Reebok-CCM Hockey	87	87	(0.5) %	4.5 %

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Income Statement (IFRS)

€ in millions	Nine months 2013	Nine months 2012	Change
Net sales	11,013	11,514	(4.3) %
Cost of sales	5,525	6,014	(8.1) %
Gross profit	5,488	5,500	(0.2) %
<i>(% of net sales)</i>	49.8%	47.8%	2.1 pp
Royalty and commission income	78	79	(1.5) %
Other operating income	106	80	32.3 %
Other operating expenses	4,515	4,500	0.3 %
<i>(% of net sales)</i>	41.0%	39.1%	1.9 pp
Operating profit	1,157	1,159	(0.2) %
<i>(% of net sales)</i>	10.5%	10.1%	0.4 pp
Financial income	15	29	(49.0) %
Financial expenses	67	84	(21.5) %
Income before taxes	1,105	1,104	0.1 %
<i>(% of net sales)</i>	10.0%	9.6%	0.5 pp
Income taxes	306	307	(0.3) %
<i>(% of income before taxes)</i>	27.7%	27.8%	(0.1) pp
Net income	799	797	0.3 %
<i>(% of net sales)</i>	7.3%	6.9%	0.3 pp
Net income attributable to shareholders	796	798	(0.3) %
<i>(% of net sales)</i>	7.2%	6.9%	0.3 pp
Net income attributable to non-controlling interests	3	(1)	280.0 %
Basic earnings per share (in €)	3.81	3.82	(0.3) %
Diluted earnings per share (in €)	3.81	3.82	(0.3) %

Net Sales

€ in millions	Nine months 2013	Nine months 2012	Change	Change (currency-neutral)
Wholesale	7,048	7,470	(5.7) %	(1.7) %
Retail	2,512	2,491	0.8 %	5.7 %
Other Businesses	1,453	1,553	(6.4) %	(1.2) %
Western Europe	3,053	3,342	(8.7) %	(7.8) %
European Emerging Markets	1,432	1,486	(3.6) %	1.4 %
North America	2,534	2,641	(4.0) %	(1.2) %
Greater China	1,244	1,169	6.5 %	7.0 %
Other Asian Markets	1,566	1,741	(10.0) %	2.0 %
Latin America	1,184	1,135	4.4 %	14.7 %
adidas	8,478	8,807	(3.8) %	0.3 %
Reebok	1,172	1,240	(5.4) %	(0.8) %
TaylorMade-adidas Golf	981	1,071	(8.4) %	(2.3) %
Rockport	201	207	(2.7) %	1.4 %
Reebok-CCM Hockey	181	189	(3.7) %	(1.0) %

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	September 30, 2013	September 30, 2012 ¹⁾	Change in %	31 December 2012
Cash and cash equivalents	1,119	1,002	11.7	1,670
Short-term financial assets	42	324	(87.1)	265
Accounts receivable	2,156	2,257	(4.5)	1,688
Other current financial assets	173	228	(24.0)	192
Inventories	2,513	2,367	6.2	2,486
Income tax receivables	97	60	61.9	76
Other current assets	530	496	6.9	489
Assets classified as held for sale	11	11	(0.2)	11
Total current assets	6,641	6,745	(1.5)	6,877
Property, plant and equipment	1,149	1,029	11.6	1,095
Goodwill	1,267	1,553	(18.4)	1,281
Trademarks	1,449	1,514	(4.3)	1,484
Other intangible assets	151	155	(2.6)	167
Long-term financial assets	119	108	10.8	112
Other non-current financial assets	24	24	(2.4)	21
Deferred tax assets	497	512	(2.8)	528
Other non-current assets	92	102	(10.0)	86
Total non-current assets	4,748	4,997	(5.0)	4,774
Total assets	11,389	11,742	(3.0)	11,651
Short-term borrowings	687	454	51.3	280
Accounts payable	1,396	1,287	8.5	1,790
Other current financial liabilities	90	83	9.1	83
Income taxes	297	295	0.6	275
Other current provisions	405	587	(30.9)	563
Current accrued liabilities	1,170	1,091	7.2	1,084
Other current liabilities	334	285	17.3	299
Total current liabilities	4,379	4,082	7.3	4,374
Long-term borrowings	654	1,209	(45.9)	1,207
Other non-current financial liabilities	14	9	54.9	17
Pensions and similar obligations	261	220	19.1	251
Deferred tax liabilities	347	413	(15.9)	368
Other non-current provisions	48	46	4.5	69
Non-current accrued liabilities	48	37	30.0	40
Other non-current liabilities	28	34	(23.8)	34
Total non-current liabilities	1,400	1,968	(28.9)	1,986
Share capital	209	209	-	209
Reserves	442	769	(42.5)	641
Retained earnings	4,968	4,726	5.1	4,454
Shareholders' equity	5,619	5,704	(1.5)	5,304
Non-controlling interests	(9)	(12)	(21.9)	(13)
Total equity	5,610	5,692	(1.4)	5,291
Total liabilities and equity	11,389	11,742	(3.0)	11,651
Additional balance sheet information				
Operating working capital	3,273	3,337	(1.9)	2,384
Working capital	2,262	2,663	(15.1)	2,504
Net total borrowings	180	337	(46.5)	(448)
Financial leverage	3.2%	5.9%	(2.7) pp	(8.5)%

1) Adjusted, see Third Quarter Report, Note 07.
Rounding differences may arise in percentages and totals.